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SSG 62-0634

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/s/A - [REDACTED]

17 May 1963

MEMORANDUM FOR THE RECORD

SUBJECT: Maximum Compensation - Proprietary Employees

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1. HR [REDACTED] provides that cases where it is proposed that the basic compensation of a proprietary employee exceed the maximum rate established for grade GS-15 must be approved by the DCI before payment, or commitment to pay by the project. Basic compensation for this purpose includes commissions and fees.

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2. In order to assure that [REDACTED] has interpreted "basic compensation" properly, and consistent with the interpretation being applied during audit of proprietary organizations, the undersigned called [REDACTED] Deputy Chief, Audit Staff, on 16 May in order to ascertain the manner in which the Audit Staff is applying this policy during its audits. After research on the matter, including discussions with representatives of Contract Personnel Division,

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25X1A Comptroller and OGC, [REDACTED] confirmed the following for [REDACTED]

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a. Cost of living allowances include all normal nontaxable allowances which would be authorized for a government employee in an overseas area and are excluded from "basic compensation". Cost of living allowances include such items as: quarters allowance, education allowance and post allowance.

b. Post differentials, also, are excluded from "basic compensation" in determining whether DCI approval is required for compensation proposed for a proprietary employee.

25X1A9a 3. [REDACTED] indicated that he would prepare an appropriate document for circulation within the Audit Staff on this subject. [REDACTED] officials concerned will be notified by [REDACTED]

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4. An additional matter previously discussed between [REDACTED] and [REDACTED] DO/BF, concerned the manner in which salary computations should be documented. It was agreed that, in cases where the total salary specified in a "proprietary hire" contract exceeds the maximum rate prescribed for a GS-15, a memorandum for record will be prepared showing basic salary, allowances and differential (if any) for signature by the [REDACTED] Approving Officer concerned. Signed memorandum will be placed in the project file. Allowances and differentials authorized will not exceed those which would be authorized for Agency employees in the same locality.

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Distribution:

Orig - DO/COAP

1 - Chief, Audit Staff

1 - SSA-DD/S [REDACTED]

1 - DO/BF

DO/SS: [REDACTED] pk

*including
allowances
per earlier
page*

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